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## *Quantitative Analysis Report*

**MAYOR'S TASK FORCE ON LOCAL,  
SMALL AND DISADVANTAGED  
BUSINESS OPPORTUNITY  
DEVELOPMENT**

**Quantitative Analysis of Local, Small and  
Disadvantaged Business Enterprise Participation  
in District of Columbia Government and IRB/PUD  
Recipient Procurement**

**A Synopsis**

August 15, 2002

**Submitted To:**

**Steven Jumper  
Chairman**

## **INTRODUCTION**

The comprehensive report for the District of Columbia's Local, Small or Disadvantaged Business Enterprise (LSDBE) program participation for Fiscal Year 2001 (FY 2001) is herewith submitted. Responsibility for both accuracy of data and completeness and fairness of the presentation rests with the District of Columbia and reporting agencies: the Office of Contracting and Procurement; the Office of the Chief Financial Officer; and the Office of Local Business Development. L. S. Caldwell & Associates, Inc. has conducted its analysis on a manner designed to present fairly the District's contractual and financial LSDBE participation but makes no assertions to the validity or accuracy to the material respects of the information submitted in conducting its analysis. This report includes all disclosures necessary to enable the reader to gain a necessary understanding of the District's contracting activities, and where appropriate how LSC reached its conclusions based on submitted inconsistent or incomplete information.

### *Report Overview*

This comprehensive report has been prepared in accordance with the aforementioned objectives tasked by the Mayor's Task Force. The report is divided into an introductory section and a reference section. The introductory section includes this letter, the District's organizational chart, Glossary, the Methods of Analysis, and the Summary Analysis. The reference section includes a set of attachments that support the findings in the Summary Analysis. The last section provides LSC's discussion of conclusions, outstanding issues and recommendations based on the analysis.

### *Make up of District Government*

This analysis is for the District of Columbia government agencies, independent agencies, and its component parts.

The government also comprises thirteen (13) independent agencies and other such separate organizations. The D.C. Sports and Entertainment Commission (**DCSC**), the Public Benefit Corporation (**PBC**), the University of the District of Columbia (**UDC**), the Washington Convention and Tourism Corporation (**WCTC**), and the Water and Sewer Authority (**WASA**) are, for example, legally separate organizations but still considered a part of the District of Columbia. *Please note the PBC discontinued operations on April 30, 2001. Its functions were subsequently transferred to the Department of Health, although their budget and LSDBE participation are reported separate from the Department of Health.*

The Washington Metropolitan Area Transit Authority (**WMATA**) is a legally separate organization that is owned, operated, and governed in part by the District of Columbia along with the states of Maryland and Virginia. *LSDBE contracts with WMATA were not reported for this analysis.*

The District of Columbia Housing Authority (**DCHA**) is also an independent agency of the District government. It is a corporate entity with the powers of DCHA vested in a Board of Commissioners consisting of nine members. Additional independent agencies include: the Citizens Complaint Review Board; the Office of the Inspector General; Lottery and Charitable Games Control Board; the Department

of Public Schools; Office of the D.C. Auditor (who is appointed by the D.C. Council); Board of Elections and Ethics; Public Services Commission; the Taxicab Commission; and the Campaign Finance Office.

Finally, the thirteen (13) member D.C. Council, is the legislative arm of the District of Columbia. Although also considered independent of the District of Columbia, their figures were considered and included in this report as well.

### *Background for Scope of Work*

District of Columbia Mayor Anthony Williams convened the Mayor's Task Force on Local, Small and Disadvantaged Business Opportunity Development to review the Local, Small or Disadvantaged Business Enterprise (LSDBE) program administered by the Office of Local Business Development (OLBD). The LSDBE program was enacted by the D.C. City Council under the "Equal Opportunity for Local, Small, and Disadvantaged Business Enterprise Act of 1998", made effective as D.C. Law 12-268.

D.C. Law 12-268 mandates that all District agencies, unless otherwise determined by the Local Business Opportunity Commission (LBOC), shall:

- § Allocate construction contracts procurement of non-construction goods and services to achieve a goal of 50% LSDBE participation; and
- § Submit quarterly reports to LBOC specifying a plan to reach the 50% goal, and contracts or subcontracts awarded to LSDBE firms during the quarter.

In the private sector, developers that receive assistance (e.g., financing, zoning allowances, property purchases, etc.) from the District government are required by a Memorandum of Understanding (MOU) signed with OLBD to "make a bona fide effort" to achieve 35% LSDBE participation in all phases of Project construction. The MOU is typically required of private developers who receive assistance in the form of a Community Development Block Grant (Department of Housing and Community Development), Exclusive Right Agreement (Redevelopment Land Agency/National Capital Revitalization Corporation), Industrial Revenue Bond (Office of the Deputy Mayor for Planning and Economic Development), Land Disposition Agreement (Redevelopment Land Agency/National Capital Revitalization Corporation), Planned Unit Development (Office of Zoning) and Tax Increment Financing (Office of the Deputy Mayor for Planning and Economic Development).

In the review of the LSDBE program, the Mayor's Task Force on Local, Small, and Disadvantaged Business Opportunity Development, tasked L. S. Caldwell & Associates, Inc. (LSC) with analyzing, District of Columbia government procurement and private sector purchasing by Memorandum of Understanding (MOU) signatories. LSC is noted as one of the foremost firms, expert in the field of Contractor/Employment Compliance (Affirmative Action/Equal Employment Opportunity [AAP/EEO]) Program Development in the country.

LSC has been applauded by the private and public sectors and recognized by such federal agencies as the: Office for Federal Contract Compliance, U. S. General Services Administration, and the U. S. Department of Commerce/Minority Business Development for outstanding work in contract compliance and monitoring. The firm has implemented a number of Contract and Employment analyses, Bonding Programs, Contractor Colleges, Employment and Contractor Workshops, Mentoring Programs, and varied Outreach Programs around the region for state and federal programs as well as a number of specific Compliance/AAP/EEO Programs.

As a management firm, LSC has successfully provided management and compliance oversight services for projects ranging in size from \$5 million to \$2 billion. Services include the total compliance management, specific analytical services, the provision of onsite personnel, contract review, requisition/ invoice approval, establishment of internal and external procedures, negotiating contract clauses, developing operating budgets and other administrative controls.

### *Project Objectives*

Based on the needs of the Task Force, as specified through our contractual obligations, LSC was responsible for analyzing and reporting on the following procurement data. Where appropriate, recommendations were to be made.

1. The Budgets, Goals, and Expenditures, of all District and Independent Agencies for at minimum fiscal year 2001, as reported by the Office of the Chief Financial Officer, Office of Contracts and Procurement and Office of Local Business Development.
2. Define and determine eligible LSDBE dollars cumulative and by agency.
3. Indication of all District and Independent Agencies which are in compliance with the 50% LSDBE goal.
4. Total Agency Expenditures to LSDBE firms.
5. LSDBE percent achieved with respect to the District's MOU partners.

## Glossary of Terms

### Acronyms

Acronyms are groups of initials used to avoid repetitive writing of frequently used titles. The table below lists recurring acronyms and terms in this report.

<b>CDBG</b>	Community Development Block Grant	<b>MOU</b>	Memorandum of Understanding
<b>DCMR</b>	District of Columbia Municipal Regulations	<b>OCFO</b>	Office of The Chief Financial Officer
<b>DBE</b>	Disadvantaged Business Enterprise	<b>OCP</b>	Office of Contracts and Procurement
<b>EA</b>	Emergency Action Dollars	<b>OLBD</b>	Office of Local Business Development
<b>FY</b>	Fiscal Year	<b>PUD</b>	Planned Unit Development
<b>IRB</b>	Industrial Revenue Bond	<b>SBA</b>	Small Business Administration
<b>LBE</b>	Local Business Enterprise	<b>SBE</b>	Small Business Enterprise
<b>LSBE</b>	Local, Small Business Enterprise	<b>SDBE</b>	Small, Disadvantaged Business Enterprise
<b>LSC</b>	L. S. Caldwell & Associates, Inc.	<b>SS</b>	Sole Source Dollars
<b>LSDBE</b>	Local, Small, Disadvantaged Business Enterprise	<b>Task Force</b>	The Mayor's Task Force on Local, Small and Disadvantaged Business Opportunity Development

<b>Appropriated Budget</b>	The dollars funded by the District of Columbia to each agency.
<b>Appropriation</b>	Authority to spend funds appropriated by Congress and financed by general District revenues.
<b>Capital Budget (Capital Improvements Plan)</b>	A plan for initiating the development, modernization, or replacement of District-owned facilities during a six-year period. This plan provides the basis for future year capital budget requests.

<b>Disadvantaged Business Enterprise</b>	<p>51 percent of those who own, operate, and control the business enterprise are socially disadvantaged because the individuals have faced chronic, <i>not fleeting</i>, instances of prejudice or bias due to their identity as members of a group, as evidenced by the following:</p> <ul style="list-style-type: none"> <li>• documentation proving that the individuals seeking socially disadvantaged status as members of a group hold themselves out as members of the group;</li> <li>• documentation proving that the individuals seeking socially disadvantaged status have been isolated from the mainstream of American society uncommon to business persons who aren't socially disadvantaged; and</li> <li>• documentation providing that the individuals seeking socially disadvantaged status have personally suffered social disadvantage through treatment they have experienced.</li> </ul>
<b>Economically Disadvantaged</b>	Economically disadvantaged individuals are socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities.
<b>Eligible Dollars</b>	Agency dollars set aside for LSDBE participation after operating expenses have been covered. Pursuant to District Law and regulations, Eligible Dollars are generally fifty percent (50%) of the expendable budget.
<b>Expendable Budget</b>	Agency dollars available after operating expenses have been covered.
<b>Expenditures</b>	A payment for goods and services received.
<b>Federal Dollars</b>	Federal government allocated dollars for local agency operations.
<b>Grants</b>	Funds received from the federal government to support the District's capital program.
<b>Local Business Enterprise</b>	A business enterprise whose principal office is physically located in the District of Columbia, is licensed by the District, and is subject to District of Columbia taxes.
<b>Operating Expenses</b>	Appropriated dollars used to fund an agency's infrastructure, i.e.: salary, lights, fixtures, etc.
<b>Other Dollars</b>	Internally generated dollars by agency.
<b>Revenue Bond</b>	Bonds whose principal and interest are payable exclusively from earnings of an enterprise.

<b>Small Business Enterprise</b>	<i>A local business</i> or a business enterprise that has satisfied the requirements established in Section b (13) of the Equal Opportunity for Local, Small, and Disadvantaged Business Enterprises Act and is independently owned, operated, and controlled. An SBE must also meet various size standards related to annual income.
<b>Socially Disadvantaged</b>	Individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as members of a group. Social disadvantage must stem from circumstances beyond their control. In the absence of evidence to the contrary, individuals who are members of the following designated groups are presumed to be socially disadvantaged: <ul style="list-style-type: none"><li>• Black Americans</li><li>• Hispanic Americans</li><li>• Native Americans</li><li>• Asian Pacific Americans</li><li>• Members of other groups designated by the SBA.</li></ul>



## METHODS OF ANALYSIS

At the request of the Mayor's Task Force on Local, Small, and Disadvantaged Business Opportunity Development, L. S. Caldwell & Associates, Inc. (LSC) was charged to conduct an analysis of the District of Columbia's FY 2001 contracting opportunities relevant to the District of Columbia's Local, Small, or Disadvantaged Business Enterprises (LSDBE). This analysis/ report covered sixty-one (61) District of Columbia Agencies and Commissions, and twenty-eight (28) MOU partners. The primary goal for LSC was to review current District LSDBE compliance and explore ways to improve participation and reporting through an examination of the District's utilization policies, programs, and practices. This analysis is done to be useful to Agency managers in structuring systems and policies that are consistent with their business needs and operations as well as their LSDBE contracting obligations and diversity objectives.

Accordingly, LSC looked at the District's business practices employed by District agencies to comply with their equal opportunity obligations and diversity objectives. LSC also set out to catalogue its findings in a way that would be useful to the Task Force and the District of Columbia overall, including agency managers unfamiliar with the District's LSDBE legislation and mandates.

Suggestions are also offered to the Mayor's Task Force with recommendations to improve the District's LSDBE program and assist in developing its best policies, programs, and practices. LSC researched the statutory, regulatory, policy or operational changes that could be made to facilitate the development of those policies and practices.

Since *management commitment* and *accountability* are necessary for the District's LSDBE policies, programs, and practices, LSC weighed these concepts very heavily in its analysis which will resonate throughout this report. In terms of commitment, LSC evaluated agency goals versus expenditures or in parlance what "management was saying versus doing". In terms of accountability, the report looked at contract dollars and MOU partnerships and other financial measures to reflect an agency's ability to set high standards and then demonstrate significant LSDBE participation.

In accordance with the requirements for this analysis, LSC requested certain financial contracting data from the District Agencies. Specifically, the following data was requested:

### **From the Office of Local Business Development**

- I. Sample copies of a blank and a completed "Expenditure Projection Report", including a concise explanation of the process to determine LSDBE Projection expenditures.
- II. Individual "Expenditure Projection Reports" submitted from all:
  - a. District Agencies
  - b. Independent Agencies
- III. A list of certified Prime LSDBEs with contract awards by Agency
  - a. A list of Prime non-LSDBE contract awardees and their lower tier LSDBE contractors.

- b. Indicate the agreed upon 50% goal amount (If negotiated less than 50% of the total Agency budget, an Expenditure Projection Report must be attached).
  - c. Indicate Agency goal achievement
- IV. The sum of contract dollars awarded to certified businesses in each year for the following categories:
- a. Local businesses
  - b. Local small businesses
  - c. Local disadvantaged businesses
  - d. Local, Small, Disadvantaged Businesses
- V. A list of LSDBE contract awardees alphabetically; including every contract awarded to each LSDBE firm as an individual contract.
- VI. Included with this list, provide the total amount of contract dollars spent with LSDBEs and non-LSDBEs by NGIP code. If not available by NGIP code, use SIC or NAICS codes.
- VII. The Name of each MOU Project, the Developer, the GC or CM, the total project amount and the percent of the Project completed
- a. Indicate the agreed upon net project dollar amount used to calculate the 35% goal.
  - b. Indicate the agreed upon 35% goal dollar amount
  - c. Indicate the percent of project expenditures
  - d. Indicate the percent of the 35% goal achieved
  - e. List the names of all LSDBE and non-LSDBE Prime contract awardees by the total dollar amount awarded.
  - f. Provide the list of Primes with contracts and their certified LSDBEs with lower tier contract awards
  - g. Provide the total amount of LSDBE contract awards

**From the Officer of the Chief Financial Officer**

- I. Provide the total BUDGET ALLOCATED for:
- a. District Agencies
  - b. Independent Agencies
- II. Provide the ACTUAL BUDGET SPENT at fiscal year end for:
- a. District Agencies
  - b. Independent Agencies
- III. Provide a breakdown of District Agency and Independent Agency Budgets by category for:
- a. District appropriated dollars
  - b. Federal dollars
  - c. Capital Budget
  - d. Other dollars

IV. Provide the sum of expenditures with certified businesses in each year for:

- a. Local businesses
- b. Local small businesses
- c. Local disadvantaged businesses
- d. Local, small, disadvantaged businesses

**From the Office of Contracting and Procurement**

- I. List any emergency contracts, including dollar amounts of expenditures and which contracts went to LSDBEs.
- II. List any sole source contracts, including dollar amounts of expenditures and which contracts went to LSDBEs.

As indicated in the Timeline below, two “Requests for Data” were submitted by LSC to the Office of the Chief Financial Officer, the Office of Contracts and Procurement, and the Office of Local Business Development. The first request, sent on June 19<sup>th</sup>, 2002 did not yield sufficient information to conduct the analysis. It wasn’t until the second request for the same information on July 7<sup>th</sup>, 2002 and a number of subsequent telephone calls from LSC staff, which ultimately yielded the materials and documents needed.

In the early stages of the analysis, LSC requested specific information from the Office of the Chief Financial Officer, Office of Contracts and Procurement and Office of Local Business Development. As this chart indicates, in most cases LSC did not receive the data on time, if at all. Further, little of the data was received electronically, also as requested.

Information Requested	From Agency	Date Requested (First Deadline: June 26 <sup>th</sup> )	Date of Second Request (If Applicable)	Was information received		Date(s) Received	How Information was received
				Yes	No		
Expenditure Projection Report for all Agencies	OLBD	June 3, 2002	July 7, 2002	D		July 29, 2001	Mail
List of all Certified LSDBEs with District Agency contracts	OLBD OCFO	June 3, 2002	July 7, 2002	D		July 29, 2001	Mail
Sum of LSDBE contract dollars by contractor name and certification type	OLBD	June 3, 2002	July 7, 2002		D		
A total amount of contract dollars spent with LSDBEs and non-	OLBD OCFO	June 3, 2002	Not Applicable	D		June 26, 2002	Mail

LSDBEs by NIGP codes							
The name of each MOU Project and the percent of the Project completed	OLBD	June 3, 2002	<b>Not Applicable</b>	<b>D</b>		June 3, 2002 June 8, 2002	Email Fax
Total District Appropriated, Federal, Capital, & Other Dollars Allocated and Spent for all District of Columbia Agencies	OCFO	June 3, 2002	July 7, 2002	<b>D</b>		July 8, 2002	Mail
The sum of Expenditures with certified businesses for LSDBE contractors	OCFO	June 3, 2002	<b>Not Applicable</b>	<b>D</b>		June 26 <sup>th</sup>	Mail
A list of Emergency Action contracts and dollar amounts to LSDBE contractors	OCP	June 3, 2002	<b>Not Applicable</b>	<b>D</b>		July 5 <sup>th</sup> , 2002	Email and fax
A list of any Sole Source contracts and dollar amounts to LSDBE contractors	OCP	June 3, 2002	<b>Not Applicable</b>	<b>D</b>		July 5 <sup>th</sup> , 2002	Email and fax

Overall, time was the most pressing challenge. However, LSC encountered additional challenges in conducting its analysis:

- ∄ LSC began its work with an exhaustive review of the literature submitted by the District, and expended a disproportionate number of hours re-keying that data in order to derive necessary calculations.
- ∄ LSC encountered numerous discrepancies in the data, which could not be researched due to insufficient time and resources.
- ∄ LSC was not contracted to confirm any data or statistical sample submitted.

#### **Step I - Program Management Team**

On May 30, 2002, L. S. Caldwell & Associates, Inc. staff met to determine who would constitute the Team responsible for conducting the Task force analysis. The In-house team consisted of: Ms. Loretta Caldwell, Mr. Eugene Harvey, and Mr. Robert Williams. On June 27<sup>th</sup> Mr. Korey Gray was added to the team.

Once assembled, the team outlined the steps it would take to conduct the analysis, and prepared a Data Request letter to the District of Columbia agencies for the necessary information. It was also decided that Mr. Gray would lead the team, and assume responsibility for the collection of the data and any follow up that may be required. He conscientiously maintained communication with Mr. Steven Jumper and Ms. Vicki Johnson to keep the Task Force apprised on LSC's analysis. Further, through frequent telephone and email correspondence, the LSC Team established lines of communication with the Office of the Chief Financial Officer, and the Office of Local Business Development to obtain missing or incorrect data.

As stated in the timeline, on June 3<sup>rd</sup>, 2002, LSC submitted its first data request letter to the Task Force. It was assumed that this would be the only letter needed, so it was inclusive of all the information LSC needed to conduct its analysis. It was expressed in the letter that all data must be submitted to LSC no later than June 26, 2002. It was further requested that LSC receive all financial information electronically.

Once the deadline of the June 26, had passed, it became apparent that more vigorous efforts would have to be made in order to get the necessary information to conduct the analysis. Several emails and high level calls were made by the LSC Team to encourage the three reporting agencies to submit their data. On July 5<sup>th</sup>, 2002, a second Data Request Letter was crafted and submitted to the three Agencies and to Steven Jumper requesting his assistance to obtain the information needed. A new deadline of July 12<sup>th</sup> 2002, was set along with another request to get the information electronically.

Shortly after the 2<sup>nd</sup> request letter, LSC began receiving a wealth of material; however, only one of the financial documents, from OCP, came electronically. The LSC Team met with Steven Jumper and Vicki Johnson to discuss ways to capture this data, and how to proceed. It was decided at this point by Mr. Jumper that, due to the tardiness of the Agencies to respond and the convoluted manner in which they submitted the data, LSC would report only on the District's LSDBE participation for FY '01.

## **Step II – Data Capture**

In order to capture the data electronically, the following supplementary tasks were conducted by the LSC Team:

- 1) Developed an in-house database and electronic spreadsheet to capture data.
- 2) Briefly reviewed the materials submitted to determine what information needs to be keyed into the in-house systems.
- 3) Set a deadline of one week to key in information.
- 4) Assigned additional LSC staff with task hours to key in the information
- 5) Once data was keyed, LSC began its analysis.

As we began capturing and keying the data, the LSC Team discovered several inconsistencies:

- 1) LSC did not receive LSDBE Expenditure Reports for FY 2001
- 2) The D.C. Agency Procurement Data Spreadsheet mailed to LSC by the OCFO did not include corresponding NIGP codes, per LSC's request.
- 3) The D.C. Agency Procurement Data Spreadsheet did not provide congruent or discernable contract descriptions to determine appropriate NIGP, NAICS, or SIC codes. It was readily apparent that the preparer of this spreadsheet, minimized the "cells" to fit the report on one page. In doing so, several pertinent facts were lost. This could have been averted if the file were sent electronically. LSC made attempts to obtain a new set of data from the preparer, but was not successful.
- 4) The D.C. Agency Procurement Data Spreadsheet contract totals, did not match the accompanying Procurement Summary Page, also submitted by the OCFO.
- 5) Quarterly Expenditure Reports - As part of their obligations, all District of Columbia Agencies and MOU partners are required to submit Quarterly Expenditure Reports to the Office of Local, Business Development. There are some issues with reporting in that it appears a number of agencies and MOU partners have not filed reports for all quarters, or the reports were otherwise filed incorrectly. This would partially explain some of the discrepancies in the information provided to LSC for its analysis.

LSC requested and received FY 2001 reports from the OLBD on July 29, and 30<sup>th</sup>, a full two weeks after beginning work on the report and more than two weeks after the second deadline. The LSC Team promptly assimilated the data and incorporated it into our data system.

### **Step III – Analysis and Report**

On July 31<sup>st</sup>, 2002, LSC completed keying in data. The team then spent the next two days, examining and comparing the data, developing statements and topics for discussion regarding the District's LSDBE participation. Several graphs and charts were developed to highlight the statements made in this report.

First, the report identifies the factors that determine an agency's appropriate LSDBE participation. This included identification and understanding of all District policies and regulations that govern its LSDBE and equal opportunity program.

Secondly, the report analyzes the agencies' goals and actual participation. This portion of the analysis is broken into a discussion of the District's MOU partnerships and the larger and more in depth evaluation of the LSDBE contracting program. Inclusive in this section is the identification of those agencies found to be particularly noteworthy, as well as which firms and trades received the most contract dollars.

Third and finally, LSC ends its analysis with a set of recommendations and suggestions for improved LSDBE participation and reporting.

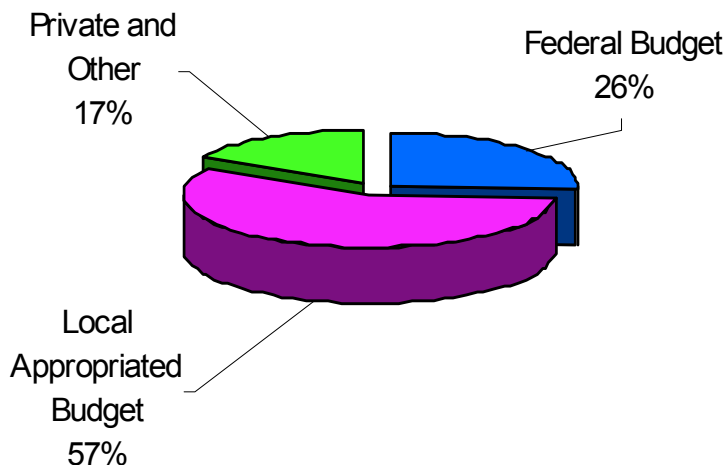
## EXECUTIVE SUMMARY OF FINDINGS

**Objective I: *The Budgets, Goals, and Expenditures, of all District and Independent Agencies for fiscal year 2001, as reported by the Office of the Chief Financial Officer, Office of Contracts and Procurement and Office of Local Business Development.***

The following is a summary of findings regarding the District of Columbia's LSDBE participation for FY 2001. These findings were based solely upon the documentation provided by the Office of the Chief Financial Officer, the Office of Local Business Development, and the Office of Contracts and Procurement. LSC makes no assertions as to the validity or accuracy of the information provided.

**District of Columbia Budget** – This quantitative analysis focuses exclusively on the Local Appropriated funds for the District of Columbia. The table below (**Figure 1.1**) provides a glance of the FY 2001 District of Columbia Budget. These figures come from the OCFO's District Agency Budget and Expenditure report (**Attachment 1: FY 2001 Budget and Expenditures**).

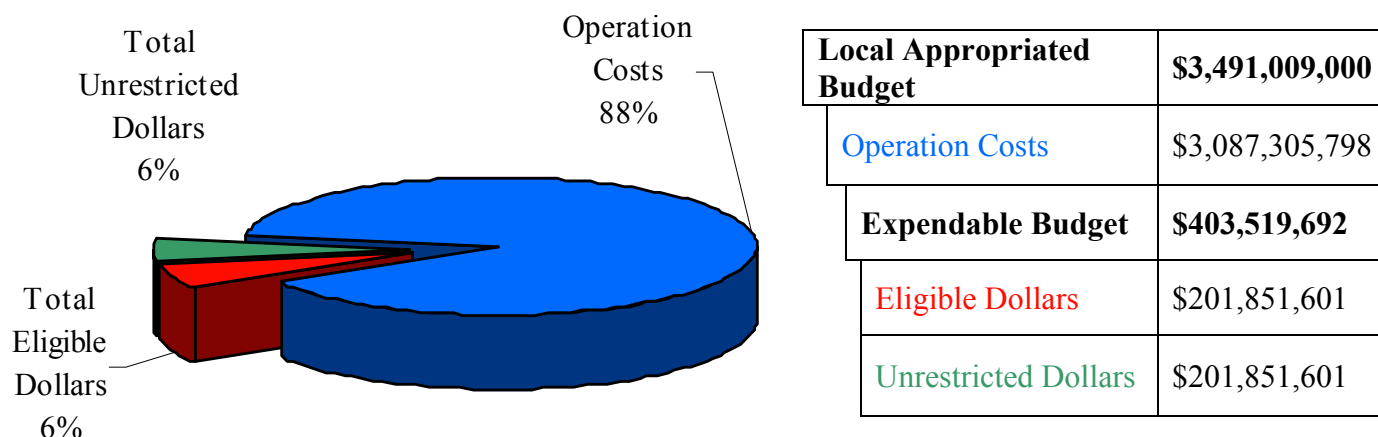
Figure 1.1 **FY 2001 District Operations Budget**  
**\$6,113,469,000**



Federal Budget	\$1,597,625,000
Private and Other	\$1,024,835,000
Local Appropriated Budget	\$3,491,009,000

As shown in **Figure 1.2** the total Local Appropriated Budget for the District of Columbia in FY 2001 was \$3,491,009,000 or 57% of the total District Government's operations budget.

**Figure 1.2 FY 2001 Local Budget Summary**



**Objective II: Determination of eligible LSDBE dollars cumulative and by agency.**

As shown in the **Figure 1.2** the District of Columbia's total expendable goal for FY '01 was \$403,519,692.00.

Title 27, District of Columbia Municipal Regulations (DCMR) Chapter 8, Local, Small, and Disadvantaged Business Enterprises Contracting regulations, pursuant to District of Columbia Law 12-268, as amended, sets forth a Project contracting goal of 50% of its expendable budget for Local, Small, or Disadvantaged Business Enterprise participation. This is also referred to as the agency's "Eligible Dollars". The Expendable Budget is determined by the respective agencies with coordination and approval by the Office of Local Business Development. **For FY 2001, the LSDBE contracting goal was calculated as \$201,851,601.00 or 5.78% of the Local Appropriated Operating Budget.**

The following chart (**Figure 2.1**) provides the Eligible Dollars per District Agency, as indicated from the Office of Local Business Development (**Attachment 2: Summary of Differences between OLBD and OCFO**).

**Figure 2.1**

Agencies with LSDBE Dollars	Appropriated Budget	Eligible LSDBE Dollars
<i>Aging, Office of</i>	\$14,188,091.00	\$1,204,929.00
<i>Appeals and Review, Board of</i>	\$244,000.00	\$31,000.00
<i>Arts and Humanities, Commission on</i>	\$1,779,565.00	\$38,156.00



<b>Agencies with LSDBE Dollars</b>	<b>Appropriated Budget</b>	<b>Eligible LSDBE Dollars</b>
<i>Auditor, Office of</i>	\$1,282,690.00	\$71,299.50
<i>Banking and Financial Institutions</i>	\$1,869,376.00	\$120,715.00
<i>Cable Television, Office of</i>	\$3,570,850.00	\$593,692.00
<i>Campaign Finance, Office of</i>	\$1,229,519.00	\$13,731.00
<i>Chief Financial Officer</i>	\$79,243,543.00	\$7,143,159.00
<i>Citizen Complaint Review Board</i>	\$1,351,754.00	\$72,201.00
<i>City Administrator, Office of</i>	\$4,722,252.00	\$288,867.00
<i>City Wide Call Center</i>	\$1,958,785.00	\$185,312.00
<i>Commission on Mental Health</i>	Not Reported	Not Reported
<i>Consumer &amp; Regulatory Affairs</i>	\$23,293,902.00	\$652,975.00
<i>Contracts and Procurement, Office of</i>	\$12,458,352.00	\$685,398.00
<i>Contracts, Grants (Department Unknown)</i>	Not Reported	Not Reported
<i>Corporation Counsel, Office of</i>	\$49,810,000.00	\$1,492,366.00
<i>Correction, Department of</i>	\$209,234,847.00	\$5,560,067.00
<i>Council of the District of Columbia</i>	\$12,061,314.00	\$367,000.00
<i>DC Sports &amp; Entertainment Commission</i>	\$10,968,000.00	\$390,000.00
<i>Department of (Department Unknown)</i>	Not Reported	Not Reported
<i>Deputy Mayor</i>	\$1,879,059.00	\$178,717.00
<i>Elections and Ethics, Board of</i>	\$3,288,443.00	\$367,587.00

<b>Agencies with LSDBE Dollars</b>	<b>Appropriated Budget</b>	<b>Eligible LSDBE Dollars</b>
<i>Emergency Management Agency</i>	No data	\$17,924.50
<i>Employment Services, Department of</i>	\$11,511,260.00	\$326,162.00
<i>Fire and Emergency Services Department</i>	\$114,511,580.00	\$1,337,246.00
<i>Health &amp; Hospitals, DC, PBC</i>	\$149,659,999.00	\$4,000,163.50
<i>Health Department</i>	\$1,030,391,647.00	\$27,108,824.00
<i>Housing and Community Development Department</i>	\$85,812,104.00	\$780,800.00
<i>Housing Authority</i>		
<i>Human Resource Development</i>	\$2,761,168.00	\$1,285,500.00
<i>Human Services Department</i>	\$380,545,335.00	\$8,078,513.00
<i>Inspector General, Office of</i>	\$11,292,000.00	\$446,500.00
<i>Insurance and Securities Regulation</i>	\$7,359,000.00	\$165,500.00
<i>Latino Affairs, Office of</i>	\$880,923.00	\$18,367.00
<i>Local Business Development, Office of</i>	\$785,963.00	\$109,014.50
<i>Lottery and Charitable Games Control</i>	\$226,534,000.00	\$9,445,715.00
<i>Mayor, Office of</i>	\$7,713,896.00	\$1,447,215.00
<i>Metropolitan Police</i>	\$295,790,927.00	\$5,816,578.00
<i>Motion Picture &amp; Television Development</i>	\$403,991.00	\$28,398.00
<i>Motor Vehicles, Department</i>	\$23,533,771.00	\$109,674.00
<i>Office of (Department Unknown)</i>	Not Reported	Not Reported

<b>Agencies with LSDBE Dollars</b>	<b>Appropriated Budget</b>	<b>Eligible LSDBE Dollars</b>
<i>Human Rights, Office of</i>	\$1,353,714.00	\$90,479.00
<i>Office of the Chief Medical Examiner</i>	\$3,997,005.00	\$369,570.00
<i>Office of the Chief Technology Officer</i>	\$12,564,039.00	\$2,077,218.00
<i>Personnel, Office of</i>	\$8,648,629.00	\$2,342,878.50
<i>Planning, Office of</i>	\$3,929,263.00	\$259,808.00
<i>Property Management, Office of</i>	Not Reported	\$12,173,202.50
<i>Public Library, DC</i>	\$25,688,974.00	\$1,064,691.00
<i>Public Schools, DC</i>	\$664,880,000.00	\$13,541,754.00
<i>Public Service Commission</i>	\$5,471,886.00	\$227,179.00
<i>Public Works, Department of</i>	\$93,311,408.00	\$20,600,871.00
<i>Recreation and Parks, Department of</i>	\$24,603,439.00	\$1,787,034.00
<i>Secretary, Office of</i>	\$1,712,498.00	\$132,940.00
<i>Sentencing, Advisory Commission</i>	\$729,927.00	\$62,000.00
<i>Taxicab Commission</i>	\$672,941.00	\$49,000.00
<i>Tuition Assistance Program</i>	\$33,274,019.00	\$388,881.00
<i>U. S. Army Corps of Engineers</i>	Not Reported	Not Reported
<i>University of District of Columbia</i>	\$44,680,775.00	\$4,190,974.00
<i>Washington Convention Center</i>	\$52,726,300.00	\$3,361,855.00
<i>Water and Sewer Administration</i>	\$509,570,000.00	\$59,152,000.00

**Objective III: Indication of all District and Independent Agencies which are in compliance with the 50% LSDBE goal.**

***Disclaimer:** It is not possible to confirm total agency achievement, because there is a discrepancy that exists between the Office of the Chief Financial Officer and the Office of Local Business Development regarding LSDBE Contracts awarded.*

OLBD reported that \$310,827,225 in contract dollars were awarded to LSDBEs (**Attachment 2**). However this figure is substantially different from the \$376,609,311 contract dollars awarded to LSDBE's according to the OCFO. Although neither statement can be independently verified, this report relies on both Agency findings but defers to the OCFO when the numbers conflict, as the set of data provided was more complete and included some supportive findings that were based on the contractor detail attachments.

***Disclaimer:** There were several agencies that submitted reports that appear inconsistent, egregious, and distort the findings on LSDBE percent achieved. These agencies which are listed and highlighted in the **Appropriated Budgets and LSDBE Participation at a Glance** chart reportedly awarded contract dollars to LSDBEs that exceed their Expendable Budgets, and in some cases exceed their reported Appropriated Budgets. Accordingly, we cannot accurately display their LSDBE participation versus their Eligible Dollars.*

The following chart (**Figure 3.1**) indicates each District Agency's LSDBE participation. As indicated in **Attachment 3**, of the agencies that reported numbers, twenty-three (23) agencies achieved their LSDBE participation goal. (For the purposes of this report, successful achievement of goal was determined to be ninety percent (90%) or better). The average rate of participation for these agencies is 128%. These agencies are:

Rounded to nearest percent

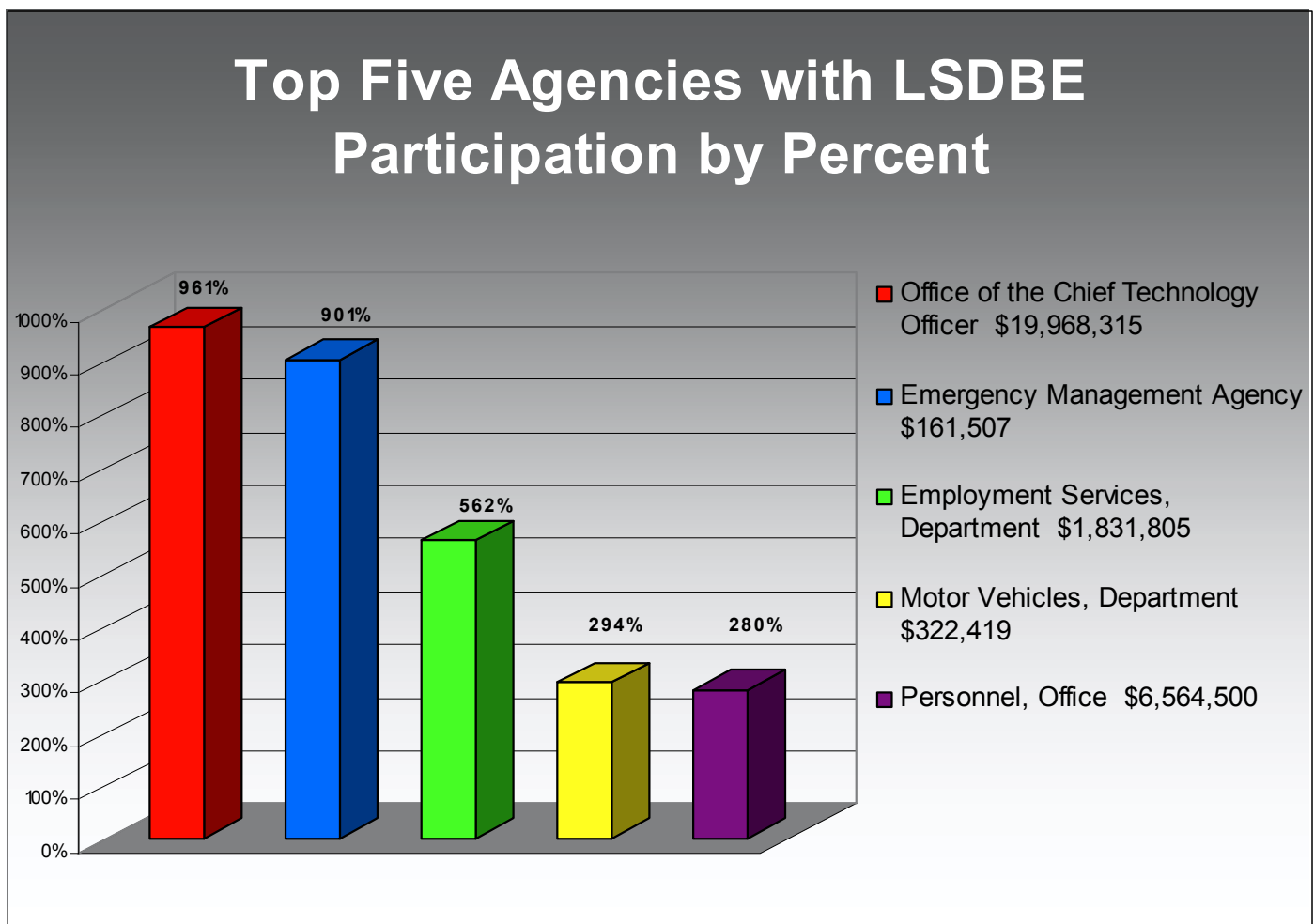
Department of Aging	District Agency	104% participation
Board of Appeals and Review	District Agency	100% participation
Department of Arts and Humanities	District Agency	100% participation
Office of Cable Television and Telecommunications	District Agency	116% participation
Citizens Complaint Review Board	Independent Agency	127% participation
Office of the City Administrator	District Agency	102% participation
Office of Contracting and Procurement	District Agency	126% participation
Department of Corrections	District Agency	160% participation
Office of the Deputy Mayor for Planning and Economic Development	District Agency	101% participation
Office of Inspector General	Inspector Agency	137% participation
Office of Latino Affairs	District Agency	203% participation
Office of Local Business Development	District Agency	134% participation
Lottery and Charitable Games Control Board	Independent Agency	96% participation
Office of the Mayor	District Agency	142% participation
Department of the Metropolitan Police	District Agency	118% participation
Motion Picture and Television Development	District Agency	100%
Department of Parks and Recreation	District Agency	107% participation
Office of Property Management	District Agency	130% participation
Department of Public Schools	Independent Agency	175% participation
Department of Public Works	District Agency	183% participation
Office of the Secretary	District Agency	94% participation
Water and Sewer Authority	Independent Agency	168% participation

Furthermore:

- ∄ Nineteen (19) District Agencies did not meet the LSDBE 50% goal of expendable dollars.
- ∄ Eighteen (18) District Agencies submitted inconclusive reports with which to satisfactorily determine LSDBE participation.

As reported by the OLBD, the chart below (**Figure 3.2**) identifies the top five agencies with the greatest LSDBE percentage.

Figure 3.2 Top Five Agencies



**Objective IV: Total Agency Expenditures to LSDBE firms.**

A total of 3,060 contracts were awarded to 296 different contractors listed by the OCFO as Local, Small, and/or Disadvantaged enterprises (**Attachment 4**).

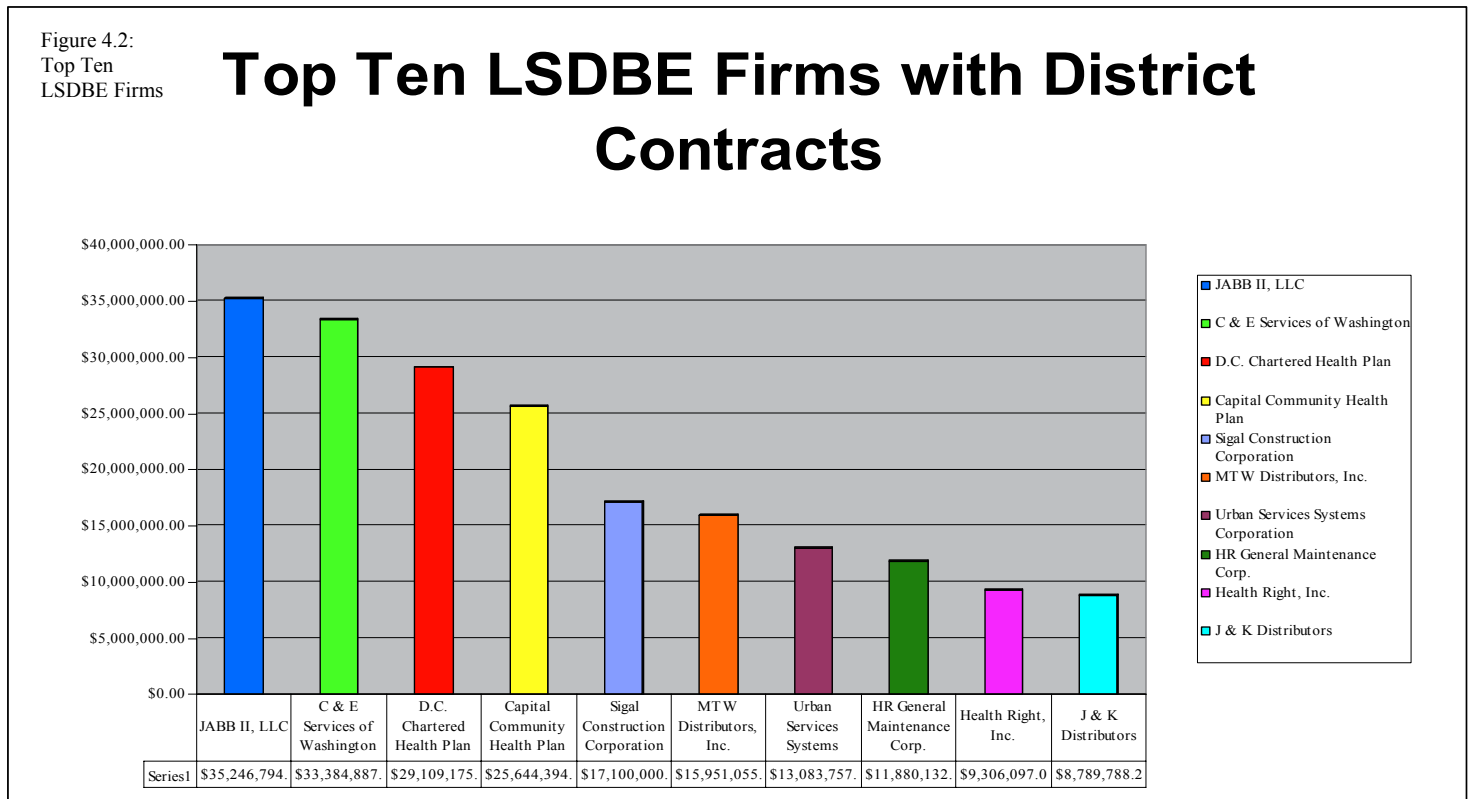
**Disclaimer:** LSC is not able to verify certification for several of these firms, as we were not provided a listing of FY '01 Certified firms or access to the necessary databases to access this information, per our request.

This chart below (**Figure 4.1**), identifies the number and cumulative value of the District's LDBE contracts by their Certification Type. This information is based on the Annual Allocation Letters submitted by the Office of Local Business Development found in the Appendix section of the full report.

Certification Type	Number of Contracts Awarded	Total Value of Contracts Awarded	Percent of District Contracts with Identifiable Certification Types
LSDBE	66	\$100,143,749.29	38%
LSBE	90	\$40,142,156.75	15%
LDBE	0	\$0.00	0%
SDBE	3	\$770,205.70	Less than 1%
LBE	9	\$119,502,126.44	46%
SBE	2	\$365,970.00	Less than 1%
DBE	0	\$0.00	0%
<b>Totals</b>	<b>170</b>	<b>\$260,924,208.18</b>	

The remaining contractors could not be classified, as per the disclaimer above.

Figure 4.2 depicts OCFO's top ten LSDBE contractors (determined by dollars)



**Objective V: LSDBE percent achieved with respect to the District's MOU partners.**

€ **Memorandum of Understanding (MOU)** – According to information submitted by the Office of Local Business Development, in FY '01, the District of Columbia executed sixteen (16) MOU's with Industrial Revenue Bonding (IRB) and twelve (12) MOU's as Capital Revitalization Corporation Approved Projects (CRCAP). In all instances the LSDBE goal was 35%. As of July 6<sup>th</sup> 2002, total bond financing for IRB MOU's was \$9,672,700,000. The total bond proceeds (goal) for LSDBE participation to that same date were \$156,714,617. The total actual proceeds were **\$12,643,115** or **8%** of goal.

As **Industrial Revenue Bond Monitoring Program Consolidated Report** indicates the IRB MOU partnerships are still ongoing and projected to meet the 35% LSDBE participation.

Of the twelve (12) CRCAP MOU's, ten (10) were Planned Unit Development (PUD) Project's, including the Georgetown Incinerator Project. The total Adjusted Development Budget for the CRCAP MOU's was \$407,425,550. The LSDBE 35% participation goal was \$142,598,942.50. To date, the total LSDBE participation is **\$17,485,250.00** or **12%** of goal.



## **RECOMMENDATIONS**

Through the course of completing its analysis, LSC generated several suggestions on ways to improve LSDBE and MOU participation by District Agencies. Although all of these suggestions had merit, many of them did not appear to be germane to this quantitative analysis, or bore significant implications beyond the scope of this report, including recommendation that entailed program overhauls. Ultimately, LSC targeted its recommendations to improving the District of Columbia's LSDBE reporting component.

First, L. S. Caldwell & Associates, Inc. strongly encourages this Task Force and the District of Columbia to conduct an independent audit of each agency to confirm the veracity of the LSDBE contractual data collected, maintained, and reported by each agency.

Secondly, LSC recommends that the District of Columbia, via the Office of Local Business Development, develop a set of standard "best practices" and resolutions that reflects with current legislation and allows improved tracking and reporting of Agency LSDBE and MOU participation.

This includes, but is not limited to:

- ⌘ In all cases where applicable, enforce the 50% Rule for LSDBE Participation. In cases where the 50% is not applicable, include agency justification for ineligible contracts along with new participation goals and proof of achievement.
- ⌘ Establish a standardized coding system for descriptions of contracts for better tracking and evaluations. Such a system should include relevant NIGP, NAICS or SIC codes.
- ⌘ Develop electronic filing system that tracks all LSDBE contractual information (i.e. excel spreadsheet or access database).
- ⌘ Establish a tracking system that separates LBE, SBE, DBE, LSBE, LDBE, LSDBE, RBO, etc. companies for better comparisons and accurate data analysis.
- ⌘ Develop an effective standard quarterly tracking report form to be used by all District Agencies, Public/Private Agencies, and MOU partnerships.
- ⌘ Enforce rule for quarterly reporting by all District Agencies, Public/Private Agencies, and MOU partnerships.
- ⌘ Develop a monthly monitoring component exclusive of the quarterly reporting.

In order to facilitate greater effectiveness and efficiency in the planning and delivery of OLBD's LSDBE programs, LSC also recommends certain coordination initiatives.

- ⌘ OLBD should report quarterly on the status and accomplishments of the LSDBE contracting program and all such outreach efforts to promote greater awareness and participation. The report should include an evaluation and presentation of best practices.
- ⌘ OLBD should train all Agency heads on the 50% Rule and all monitoring and reporting processes used to track participation.

\* \* \* \* \*

This report should be thought of, not as a blueprint, but more as an idea bank that can be drawn upon broadly by one and all. LSC's findings and recommendations are not meant to require the District of Columbia to adopt certain practices or policies that are outside the scope of any applicable laws and mandates.

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## *Agency Comment Letter(s)*

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Department of Banking and Financial Institutions**



October 10, 2002

Mr. Steve Jumper  
Director, Public Relations  
Washington Gas  
1110 H Street, NW  
Washington, DC 20009

Dear Steve:

Thank you for forwarding the confidential copy of the draft report on Local, Small and Disadvantaged Business Opportunity Development to the Department of Banking and Financial Institutions ("DBFI").

DBFI's comments relate specifically to Section 1.6 Recommendations, Page 8 entitled "Utilization". The report lists nine areas of utilization. In DBFI's view, all of the services that are articulated in Section 1.6 should appropriately be located at the Enhanced Business Information Center ("E-BIC") located at the Martin Luther King, Jr. Library.

DBFI has taken the lead in developing and implementing the operations of the E-BIC. This is a partnership that includes the Small Business Association (SBA), DOES, Howard University's Small Business Development Center (HUSBDC), DCPL, OCTO, DC Marketing Center, other district agencies and partnerships with the Universities and law firms in the Washington, DC area. This E-BIC has been established to create a comprehensive small business resource center that will provide an array of technical support and services to all small businesses at any stage of development in one central location.

Accordingly, DBFI recommends that bullet number 7 of Section 1.6 be deleted and the following language be inserted in the report, "The District should promote DBFI's efforts to continue to partner with financial institutions to ensure community reinvestment, community development and to promote more lending opportunities for businesses in the District of Columbia".

Director, Public Relations  
October 10, 2002  
Page 2

Thank you for this opportunity to comment on the draft report. If you have any questions, please call me on (202) 727-1565.

Yours truly,

S. Kathryn Allen  
Commissioner